



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
BRACKEN COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2000

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BRACKEN COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Auditor of Public Accounts has completed the Bracken County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances increased by \$55,659 from the prior fiscal year, resulting in a cash surplus of \$1,173,780 as of June 30, 2000. Revenues increased by \$67,429 from the prior year and disbursements increased by \$290,921.

Report Comments:

- All Revenue Of The County Should Be Received By The Treasurer And All Claims Should Be Presented To The Fiscal Court For Review Prior To Payment

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Dwayne Jett, Bracken County Judge/Executive
Members of the Bracken County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Bracken County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Bracken County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Bracken County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions as of June 30, 2000 of Bracken County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Dwayne Jett, Bracken County Judge/Executive
Members of the Bracken County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated July 12, 2001 on our consideration of Bracken County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following area of noncompliance:

- All Revenue Of The County Should Be Received By The Treasurer And All Claims Should Be Presented To The Fiscal Court For Review Prior To Payment

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Bracken County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 12, 2001

BRACKEN COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

Fiscal Court Members:

Lovell Dwayne Jett	County Judge/Executive
Matthew Clark Hennessey, Jr.	Magistrate
Elmer Lee Jones	Magistrate
Gilbert Todd, Jr.	Magistrate
Leslie Newman	Magistrate
Neil Brumley	Magistrate
David B. Kelsch	Magistrate
James Cox	Magistrate
Judith Cooper	Magistrate

Other Elected Officials:

Edward J. Rudd	County Attorney
David Sticklen	Jailer
Karen Rumford	County Clerk
Catherine Rigg	Circuit Court Clerk
Mike Nelson	Sheriff
Steve Thornsby	Property Valuation Administrator
John G. Parker	Coroner

Appointed Personnel:

Judith F. Brothers	County Treasurer
Tina Cummins	Finance Officer
Richard Hamilton	Road Supervisor

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STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

BRACKEN COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets

General Fund Type

General Fund:

Cash	\$	483,832
------	----	---------

Investments		133,349
-------------	--	---------

Road and Bridge Fund:

Cash		463,167
------	--	---------

Jail Fund:

Cash		4,673
------	--	-------

Local Government Economic Assistance Fund:

Cash	27,928	\$	1,112,949
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Special Revenue Fund Type

Special Fund:

Cash	\$	43,782
------	----	--------

Senior Citizens Fund:

Cash	17,049		60,831
------	--------	--	--------

Total Assets

		\$	1,173,780
--	--	----	-----------

The accompanying notes are an integral part of the financial statements.

BRACKEN COUNTY
 STATEMENT OF ASSETS, LIABILITIES,
 AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
 June 30, 2000
 (Continued)

Fund Balances

Reserved:

General Fund Type

General Fund - Enhanced 911 Acquisition Account	\$ 133,349
---	------------

Unreserved:

General Fund Type

General Fund	\$ 483,832	
Road and Bridge Fund	463,167	
Jail Fund	4,673	
Local Government Economic Assistance Fund	<u>27,928</u>	979,600

Special Revenue Fund Type

Special Fund	\$ 43,782	
Senior Citizens Fund	<u>17,049</u>	<u>60,831</u>

Total Fund Balances		<u><u>\$ 1,173,780</u></u>
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The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

BRACKEN COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	General Fund Types			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,102,562	\$ 746,585	\$ 705,851	\$ 46,421
Transfers In	108,417	54,417		54,000
Senior Citizens Fund (Note 5)	4,463			
Kentucky Advance Revenue Program	223,192	205,785	17,407	
Total Cash Receipts	<u>\$ 2,438,634</u>	<u>\$ 1,006,787</u>	<u>\$ 723,258</u>	<u>\$ 100,421</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,063,952	\$ 666,732	\$ 690,927	\$ 99,201
Schedule of Unbudgeted Expenditures (Note 5)	4,563			
Transfers Out	108,417	54,000	53,067	
Kentucky Advance Revenue Program Repaid	223,192	205,785	17,407	
Total Cash Disbursements	<u>\$ 2,400,124</u>	<u>\$ 926,517</u>	<u>\$ 761,401</u>	<u>\$ 99,201</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 38,510	\$ 80,270	\$ (38,143)	\$ 1,220
Cash Balance - July 1, 1999 (Note 5)	17,149			
Cash Balance - July 1, 1999	<u>1,118,121</u>	<u>536,911</u>	<u>501,310</u>	<u>3,453</u>
Cash Balance - June 30, 2000	<u>\$ 1,173,780</u>	<u>\$ 617,181</u>	<u>\$ 463,167</u>	<u>\$ 4,673</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

BRACKEN COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 2000
(Continued)

General Fund Types		Special Revenue Fund Types				
Local Government Economic Assistance Fund	State Grants Fund	Community Development Block Grant Fund	Disaster and Emergency Services Fund	Special Fund	Senior Citizens Fund	
\$ 27,984	\$ 300,000	\$ 236,959	\$ 32,983	\$ 5,779	\$	
						4,463
<u>\$ 27,984</u>	<u>\$ 300,000</u>	<u>\$ 236,959</u>	<u>\$ 32,983</u>	<u>\$ 5,779</u>	<u>\$</u>	<u>4,463</u>
\$ 27,518	\$ 300,000	\$ 236,959	\$ 32,983	\$ 9,632	\$	
						4,563
				1,350		
<u>\$ 27,518</u>	<u>\$ 300,000</u>	<u>\$ 236,959</u>	<u>\$ 32,983</u>	<u>\$ 10,982</u>	<u>\$</u>	<u>4,563</u>
\$ 466	\$	\$	\$	\$ (5,203)	\$	(100)
27,462				48,985		17,149
<u>\$ 27,928</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 43,782</u>	<u>\$</u>	<u>17,049</u>

The accompanying notes are an integral part of the financial statements.

BRACKEN COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Bracken County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional - Bracken County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Bracken County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Bracken County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Bracken County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA).

BRACKEN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The State Grants Fund, Community Development Block Grant Fund (CDBG), Disaster and Emergency Services Fund (DES), and the Special Fund of the Fiscal Court are reported as a Special Revenue Fund Type.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Bracken County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

BRACKEN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits and Investments

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2000, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Lease Agreements

- A. The Bracken County Fiscal Court is committed to a lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) for equipment to be used in the county's 911 system. This agreement requires an initial monthly payment of \$2,877 and 59 payments of \$2,352, to be completed on June 30, 2004. The total balance of the agreement was \$115,031.24 as of June 30, 2000.
- B. The Bracken County Fiscal Court is committed to a lease agreement with Modern Office Methods for a copier in the County Judge/Executive's office. The county entered into the agreement on March 9, 2000. The terms of the agreement require 42 monthly payments of \$223, which includes maintenance and up to 4000 copies per month (excess copies billed quarterly at .021).

BRACKEN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 5. Bracken County Senior Citizens - Rental Account

The County Judge/Executive's office has maintained a bank account for the deposit of rental revenues and for the payment of utilities, maintenance and repairs on the Bracken County Senior Citizens building. This account was not included in the county's budget during fiscal year ending June 30, 2000. On June 30, 1999, the account balance was \$17,149. Receipts of the account for fiscal year ending June 30, 2000 totaled \$4,463 (\$3,998 rent and \$465 interest earned). Disbursements from the account during the same period totaled \$4,563 (\$2,124 for utilities and \$2,439 for maintenance and repairs). The account balance as of June 30, 2000 was \$17, 049.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

BRACKEN COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 561,817	\$ 746,585	\$ 184,768
Road and Bridge Fund	588,999	705,851	116,852
Jail Fund	37,045	46,421	9,376
Local Government Economic Assistance Fund	27,093	27,984	891
<u>Special Revenue Fund Type</u>			
State Grants Fund	300,000	300,000	
Community Development Block Grant Fund	241,959	236,959	(5,000)
Disaster and Emergency Services Fund	56,890	32,983	(23,907)
Special Fund	5,400	5,779	379
Totals	<u>\$ 1,819,203</u>	<u>\$ 2,102,562</u>	<u>\$ 283,359</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 1,819,203
Add: Budgeted Prior Year Surplus			<u>938,288</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 2,757,491</u>

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SCHEDULE OF OPERATING REVENUE

BRACKEN COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

	GOVERNMENTAL FUND TYPES		
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type
REVENUE:			
Taxes	\$ 577,983	\$ 577,983	\$
In Lieu Tax Payments			
Excess Fees	7,210	7,210	
License and Permits	1,986	1,986	
Intergovernmental Revenues	1,391,830	817,808	574,022
Charges for Services	17,069	17,069	
Miscellaneous Revenues	57,470	57,470	
Interest Earned	49,014	47,315	1,699
Total Operating Revenue	<u>\$ 2,102,562</u>	<u>\$ 1,526,841</u>	<u>\$ 575,721</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

BRACKEN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 309,027	\$ 286,037	\$ 22,990
Protection to Persons and Property	267,633	247,792	19,841
General Health and Sanitation	6,854	6,820	34
Social Services	15,243	1,000	14,243
Recreation and Culture	14,500	8,067	6,433
Roads	793,386	657,193	136,193
Bus Service	36,440	36,440	
Debt Service	4,085	4,039	46
Capital Projects	382	381	1
Administration	657,154	236,609	420,545
Total Operating Budget - All General Fund Types	\$ 2,104,704	\$ 1,484,378	\$ 620,326
Other Financing Uses:			
Borrowed Money-			
Kentucky Advanced Revenue Program - Principal	223,192	223,192	
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 2,327,896</u>	<u>\$ 1,707,570</u>	<u>\$ 620,326</u>

BRACKEN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 2000
 (Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$	\$	\$
Protection to Persons and Property	65,108	37,912	27,196
General Health and Sanitation	541,959	536,959	5,000
Social Services			
Recreation and Culture	4,703	4,703	
Roads			
Airports			
Debt Service			
Capital Projects			
Administration	41,017		41,017
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	\$ 652,787	\$ 579,574	\$ 73,213

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SCHEDULE OF UNBUDGETED EXPENDITURES

BRACKEN COUNTY
SCHEDULE OF UNBUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

<u>Expenditure Items</u>	<u>Bracken County Senior Citizens - Rental Account</u>
Senior Citizens Building -	
Maintenance and Repairs	\$ 2,439
Utilities	<u> 2,124</u>
Totals	<u><u> \$ 4,563</u></u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
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Dana Mayton, Secretary, Revenue Cabinet
Honorable Dwayne Jett, Bracken County Judge/Executive
Members of the Bracken County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Bracken County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated July 12, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bracken County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying comment and recommendation.

- All Revenue Of The County Should Be Received By The Treasurer And All Claims Should Be Presented To The Fiscal Court For Review Prior To Payment

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bracken County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 12, 2001

COMMENT AND RECOMMENDATION

BRACKEN COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 2000

NONCOMPLIANCES

All Revenue Of The County Should Be Received By The Treasurer And All Claims Should Be Presented To The Fiscal Court For Review Prior To Payment

The County Judge/Executive's office has maintained a bank account for the deposit of rental revenues and for the payment of utilities, maintenance and repairs on the Bracken County Senior Citizens building. KRS 68.020 states, in part, "the county treasurer shall receive and receipt for all money due the county", and KRS 68.275 states, in part, that "the county judge/executive shall present all claims to the fiscal court for review prior to payment". The receipts of Bracken County Senior Citizens – Rental Account have not been received by the County Treasurer, and the disbursements of the account have not been presented to the fiscal court for review. We recommend that receipts of the Bracken County Senior Citizens – Rental Account, be received, recorded and reflected in the county's financial statements by the county treasurer. We further recommend that all disbursements of this account be presented to the fiscal court for review prior to payment, and subsequently recorded and reflected in the county's financial statements.

County Judge/Executive's Response:

Fund has been added to financial statement and we are in compliance.

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CERTIFICATION OF COMPLIANCE –
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

BRACKEN COUNTY FISCAL COURT

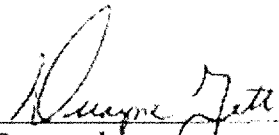
Fiscal Year Ended June 30, 2000

Appendix A


CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
BRACKEN COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Bracken County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Dwayne Jett
Bracken County Judge/Executive



Judith F. Brothers
Bracken County Treasurer